

Bond Case Briefs

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Downtown Development District of City of New Orleans v. City of New Orleans

Court of Appeal of Louisiana, Fourth Circuit - May 8, 2019 - 272 So.3d 917 - 2018-0726 (La.App. 4 Cir. 5/8/19)

Special taxing district located within city brought claims alleging city illegally withheld money from tax assessed to benefit district.

The District Court granted district's request for preliminary injunction and denied district's request for writ of mandamus. City appealed.

The Court of Appeal held that:

- District was political subdivision of State and a separate juridical entity from city;
- City's obligations to district were not extinguished under doctrine of confusion;
- District stated cause of action against city;
- District was entitled to injunctive relief without the requisite showing of irreparable injury;
- City could not use proceeds of special tax to fund state retirement systems;
- Preliminary injunction was not vague or overly broad; and
- District was not entitled to writ of mandamus.

Special taxing district contained within city was political subdivision of State and a separate juridical entity with capacity to sue city; district had separate source of tax revenue used for enhanced services to district's geographic area, district board had hiring and employment authority, power to enter into contracts with city, and authority to acquire and dispose of property, and district did not appear in charter of city.

City's obligations to special taxing district were not extinguished under doctrine of confusion, even though city collected special tax in same manner as other ad valorem taxes, where the special tax proceeds were to be turned over to district and used exclusively to benefit district, and thus did not become city funds.

Special taxing district did not need city council approval to bring action against city for illegally withheld money from tax assessed to benefit district, where district's enabling statute did not require city council approval to hire attorneys or file suit.

Unlawful conduct exception applied, entitling special taxing district to injunctive relief without the requisite showing of irreparable injury in its action against city for illegally withholding money from tax assessed to benefit district, where city's act of withholding portion of dedicated special tax to defray city's pension obligations violated district's enabling statute, and the preliminary injunction issued by the district court restrained city conduct and thus was not a mandatory injunction.

City could not use proceeds of special tax to fund state retirement systems, where enabling statute of special tax district prohibited city from using dedicated special taxes for purposes other than to

benefit district.

Preliminary injunction issued by district court enjoining city from withholding proceeds of special tax dedicated for exclusive benefit of special tax district was not vague or overly broad; the parties to the injunction were identified and the acts enjoined, restraining city from withholding more than a two percent collection fee from the special tax, were sufficiently described.

Special taxing district was not entitled to writ of mandamus in its action against city for illegally withholding money from tax assessed to benefit district, where district acknowledged another remedy was available; district combined its request for mandamus with alternative claims for declaratory judgment and damages through which district could seek relief through ordinary procedure.